

TOP SECRET

1477

## GENERAL

1. Prospects for British-Egyptian defense talks--According to US Embassy Cairo, the Egyptian delegate to the British-Egyptian defense talks in London reports that although nothing has been definitely agreed upon he is for the first time "conservatively optimistic" regarding chances for success during the conversations which will be resumed in January.
2. Australian attitude on New Guinea question--In conversation with US Ambassador Jarman, a British Foreign Office official expressed the view that despite Australian Foreign Minister Spender's statement that Australia would not stand idly by in the event of the transfer of Netherlands New Guinea to Indonesia, the Australian Government has not yet decided upon a course of action if the transfer takes place. The British official believes the Australian position will be determined by the practical consideration that Australia has no adequate forces available for use in New Guinea. He added that the British are trying to prevent further Australian statements which would disturb Dutch-Indonesian negotiations in the hope that the transfer may be delayed as long as possible.

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## EUROPE

3. USSR: Report on military activity--The US Military Attache in Moscow reports a decided increase in the number of anti-aircraft positions in Moscow during the past month, bringing the known total to 32 emplacements of 8 guns each. The MA notes that otherwise the Moscow area is "militarily quiet." The MA also reports no unusual traffic or activity on the railroads in the western and northwestern part of the country, with marshalling yards in such cities as Moscow, Brest and Smolensk "not particularly full or busy."

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STATE review(s) completed.

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4. AUSTRIA: Estimate of Soviet intentions--US Minister Donnelly transmits the unanimous view of Chancellor Figl, Vice-Chancellor Schaerf, Foreign Minister Gruber and Interior Minister Helmer that the USSR will not attempt a direct blockade of Vienna on the Berlin model except as a preliminary step to general war. These officials nevertheless consider a blockade a real possibility and believe that provision should be made to cope with it as well as with internal Communist disturbances and related transportation stoppages.

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5. GERMANY: Socialist views on Schuman Plan--The US High Commission in Bonn reports the views of three Socialist trade union leaders that the majority of German workers will support the Schuman Plan. The Commission points out that the position of the trade unions is not in harmony with that expressed by Socialist leader Schumacher, who may therefore be forced to re-examine his party's policy of outright opposition to the Schuman Plan.

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